

Message Text

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61

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01 SWF-02

IO-14 JUSE-00 DRC-01 FEA-02 /192 W

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P R 162138Z AUG 74

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 1528

INFO PANCANAL

USSOUTHCOM

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

AMEMBASSY QUITO

AMEMBASSY BOGOTA

AMEMBASSY MANAGUA

AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE PANAMA 4804

E.O. 11652: N/A

TAGS: ETRD, PN

SUBJECT: BANANAS: LATEST GOP LETTER TO UB GIVES NO GROUND

REF: (A) PANAMA 4744 (B) STATE 179885

1. GOP MADE PUBLIC TODAY REPLY DATED AUGUST 14 TO LATEST LETTER FROM UNITED BRANDS(UB) (REF A) IN WHICH PANAMAIN EFFECT TOLD COMPANY TO ABIDE BY LAW OR GET OUT OF COUNTRY. REPLY, ADDRESSED TO UB PRESIDENT BLACK AND SIGNED BY MINISTER COMMERCE AND INDUSTRY MANFREDO, STATES THAT GOP'S CONCLUSIONS CONCERNING EFFECTS OF EXPORT TAX DO NOT COINCIDE WITH THOSE OF UB. BUT THAT WHATEVER FACTS ARE, PANAM WILL HOLD

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TO ITS INTENTION TO ACHIEVE THROUGH NEW TAX OF ONE DOLLAR PER BOX A

SMALL

CORRECTION TO UNJUST COMPENSATION COUNTRY HAS RECEIVED FROM UB IN PAST

FOR ITS NATURAL RESOURCES. IF UB CANNOT OPERATE UNDER SUCH CONDITIONS,

LETTER CONTINUES, THEN PANAMA BELIEVES IT HAS BETTER ALTERNATIVES FOR ITS NATURAL RESOURCES AND THE LABOR OF ITS WORKERS. MANFREDO FURTHER DECLARES THAT PANAMA IS READY TO FACE ALL RISKS IMPLICIT IN ENTERING BANANA BUSINESS ITSELF AND THAT UB'S ONLY ALTERNATIVE IS TO RESUME OPERATIONS, ANSWER FOR DAMAGES CAUSED TO LOCAL WORKERS AND PRODUCERS, PAY ITS BACK TAXES, AND ACCEPT IN FUTURE ANY TAXES PANAMA CONSIDERS CONVENIENT TO ESTABLISH.

2. BLACK'S AUGUST 8 LETTER TO GENERAL TORRIJOS, WHICH ALSO PUBLISHED, ACKNOWLEDGES DIFFICULTIES PANAMA AND OTHER CENTRAL AMERICAN REPUBLICS FACING BECAUSE OF INCREASED PETROLEUM COSTS. WHILE CONTENDING EXPORT TAX NOT IN ACCORD WITH VALID GOP-UB AGREEMENTS, BLACK EXPRESSES DESIRE TO HELP SITUATION, AS IS ECONOMICALLY POSSIBLE, AND READINESS TO NEGOTIATE TO ASCERTAIN WHETHER ADDITIONAL REVENUE FOR GOP CAN BE PRODUCED. CITING EXAMPLE OF OPEC AS PROOF, BLACK MAKES POINT THAT TO BE EFFECTIVE AND VIABLE EXPORT TAX SHOULD BE ADOPTED BY ALL PRODUCING COUNTRIES, PARTICULARLY INCLUDING ECUADOR.

3. COMMENT: PROMPTNESS OF GOP REPLY AND LACK OF ANY INDICATION OF FLEXIBILITY REINFORCE ESTIMATE REPORTED IN REF B THAT TIME REMAINING FOR SUCCESSFUL REINITIATION OF CONTACT IS VERY SHORT.
JORDEN

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Message Attributes

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Concepts: TAX LAW, CUSTOMS DUTIES, BANANAS
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Copy: SINGLE
Draft Date: 16 AUG 1974
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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